Message Text

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INFO OCT-01 EUR-12 EA-10 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 /046 W

P R 280637Z JUN 78 FM AMEMBASSY CANBERRA TO SECSTATE WASHDC PRIORITY 3657 INFO AMEMBASSY LONDON

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E.O. 11652: N/A TAGS: EARI, AS

SUBJECT: CIVAIR: U.S.-AUSTRALIAN CONSULTATIONS

REF: (A) STATE 159621, (B) CANBERRA 03684 (NOTAL, (C) CANBERRA 2668 (NOTAL), (D) CANBERRA 1425 (NOTAL)

- 1. AUSTRALIAN (JOHN ROWLAND, DEPARTMENT OF TRANSPORT) DISCUSSED JULY 10 CONSULTATIONS IN WASHINGTON (REFTEL A) IN TERMS OF THE COMMENT IN CANBERRA'S REPLY OF MAY 12 (REFTEL B).
- 2. ROWLAND HAD RETURNED FROM LONDON JUNE 25TH AND JUNE 26TH WAS HIS FIRST DAY IN THE OFFICE AFTER THE LONDON DISCUSSIONS TO WHICH THE DEPARTMENT REFERRED. HE WAS APOLOGETIC THAT HE COULD NOT RESPOND TO EMBASSY PHONE CALLS BEFORE TODAY. ROWLAND SAID THAT THE DOT WAS WELL AWARE OF ITS OBLIGATION TO MEET ITS COMMITMENT FOR DISCUSSIONS IN WASHINGTON FOLLOWING UP THE FEBRUARY DISCUSSION IN CANBERRA (REF D). HE NOTED, HOWEVER, THAT THIS WAS PRECISELY WHY THE DOT HAD RESPONDED IN MAY TO THE DEPARTMENT'S INQUIRY THAT "JULY 10TH IS A GOOD DATE TO WORK TOWARDS". HE SAID THAT THE DOT WAS NOW FULLY ENGAGED IN THE SUMMARY AND REPORT WORK BASED ON THE UK DISCUSSIONS FROM WHICH HE HAD JUST RETURNED; THE UK HAS REQUESTED ADDITIONAL CONSULTATIONS IN JULY (TO WHICH THE LIMITED OFFICIAL USE

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MINISTER AND DOT WILL ACCEDE) AND THAT HTHIS IS COMPLICATED BY THE PROBLEM THAT THE "INTERNATIONAL AVIATION POLICY REVEIW" (PARAGRAPH FIVE REFTEL C) WAS STILL NOT COMPLETED AND IN THE CIRCUMSTANCES THERE WAS NO LIKELIHOOD AT ALL OF ANY MEANINGFUL DISCUSSION IN WASHINGTON IN JULY. HE SAID THAT IF WASHINGTON INSISTED ON THE GOA'S COMING TO WASHINGTON ON JULY 10TH THEN IT WOULD DO SO TO MEET ITS OBLIGATION AND

TO DEMONSTRATE ITS GOOD FAITH; HOWEVER, HE SAID THAT THE GOA DELEGATION COULD ONLY SIT AROUND AND "CHEW THE FAT" AND SAY "WE'RE SORRY" BUT THAT NOTHING CONCRETE COULD BE ESTABLISHED OR ACCOMPLISHED.

- 3. ROWLAND SAID THAT HIS DISCUSSIONS (WELL INTO THE NIGHT EVERY NIGHT SINCE HIS RETURN) HAS CONVINCED HIM THAT THE POLICY REVIEW TO WHICH MINISTER NIXON REFERRED IN APRIL WOULD BE COMPLETED IN EARLY AUGUST AND THAT THE GOA COULD NOW SHOOT FOR A DATE IN AUGUST PREFERABLY THE 3RD WEEK IN AUGUST-FOR THE WASHINGTON CONSULTATIONS. HE ASKED EMBASSY TO INFORM WASHINGTON OF THIS AND TO PROVIDE AN EARLY REPLY.
- 4. EMBASSY COMMENT: AS THE DEPARTMENT IS, NO DOUBT, AWARE, THE UK-GOA DISCUSSIONS HAVE GENERATED SOME PARTICULAR HEAT IN THE REGION. THE SINGAPORE, MALAYSIAN, AND THE PHILIPPINE GOVTS. HAVE MADE BLUNT STATEMENTS TO THE GOA THAT ANY FARE REDUCTIONS AND OTHER ACTIONS ON THE UK-AUSTRALIA ROUTES THAT WOULD BE PREJUDICIAL TO THE INTEREST OF SINGAPORE AIRLINES MALAYSIAN, PHILIPPINE AIRLINES WOULD FORCE IMMEDIATE DEMANDS FOR RENEGOTIATIONS WITH THE AUSTRALIANS. ROWLAND WAS ASKED TO COMMENT ON THIS AND SAID THAT, WHIKLE IT IS TRUE THAT THIS IS AN ISSUE AND IS CERTAINLY WIDELY REPORTED IN THE PRESS, THE UK-AUSTRALIA ROUTES ARE ALSO THE MOST DIFFICULT POLITICAL THICKET THE AUSTRALIANS FACE WITH ALL OTHER COUNTRIES WITH CIVIL AVIATION INTERESTS ON THIS ROUTE THROUGHOUT THE FAR LIMITED OFFICIAL USE

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EAST, EAST ASIA AND THE MIDDLE EAST AND THAT THE POLITICIAL COMPLEXITY OF THIS ROUTE AND ITS IMPACT ON THE ENTIRE GOA INTERNATIONAL AVIATION POLICY REVIEW IS OVERRIDING. HE SAID THAT HE WANTED WASHINGTON TO KNOW THAT HE WAS IN NO WAY DISCOUNTING THE IMPORTANCE OF THE U.S.-GOA BILATERAL AND THE ROUTES, FARES AT AL; HE SIMPLY WANTED THIS TO BE PUT INTO PERSPECTIVE. HE ADDED ALSO THAT THE UK-AUSTRALIA ROUTING TO WHICH HE WAS REFERRING IN TERMS OF THE UK-GOA BILATERALS GENERATED MORE THAN 50 PERCENT OF THE TOTAL SEAT CAPACITY OF QANTAS AND THAT HE WAS HOPEFUL THAT THE NEGOTIATIONS WOULD RESULT IN THE BEST (LOWEST) FARE STRUCTURE IN THE WORLD IN TERMS OF PER ROUTE/KILOMETER.

- 5. ROWLAND SAID THAT HE HAD NO DOUBT THAT THE INDUSTRY PRESSURE AND INTEREST IN THE U.S. WAS FORCING WASHINGTON TO TRY TO HOLD TO THE JULY 10TH DATE. HOWEVER, HE SAID THAT HE WAS HOPEFUL THAT WASHINGTON COULD SEE ITS WAY CLEAR TO AGREE TO THE LATE AUGUST PROPOSED DATE FOR THE U.S.-GOA DISCUSSIONS IN WASHINGTON.
- 6. ACTION REQUESTED: DEPARTMENT IS REQUESTED TO INFORM EMBASSY ASAP ON THE PROPOSAL FROM ROWLAND.

	Sheryl P. Walter	Declassified/Released	US Department of State	EO Systematic Review	20 Mar 2014
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Message Attributes

Automatic Decaptioning: X Capture Date: 01 jan 1994 Channel Indicators: n/a

Current Classification: UNCLASSIFIED

Concepts: NEGOTIATIONS, AVIATION AGREEMENTS

Control Number: n/a Copy: SINGLE Draft Date: 28 jun 1978 Decaption Date: 01 jan 1960 Decaption Note: Disposition Action: RELEASED Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW

Disposition Date: 20 Mar 2014 Disposition Event: Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CANBER05067
Document Source: CORE

Document Unique ID: 00 Drafter: n/a

Enclosure: n/a Executive Order: N/A Errors: N/A

Expiration: Film Number: D780267-0268 Format: TEL From: CANBERRA Handling Restrictions: n/a

Image Path: ISecure: 1

Legacy Key: link1978/newtext/t19780613/aaaaakzd.tel

Line Count: 117 Litigation Code IDs: Litigation Codes:

Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bd57e57e-c288-dd11-92da-001cc4696bcc

Office: ACTION EB

Original Classification: LIMITED OFFICIAL USE Original Handling Restrictions: n/a Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 3
Previous Channel Indicators: n/a

Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 159621, 78 CANBERRA 3684, 78 CANBERRA 2668, 78 CANBERRA 1425

Retention: 0

Review Action: RELEASED, APPROVED Review Content Flags:

Review Date: 28 apr 2005 Review Event: Review Exemptions: n/a **Review Media Identifier:** Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

SAS ID: 2183938 Secure: OPEN Status: NATIVE

Subject: CIVAIR: U.S.-AUSTRALIAN CONSULTATIONS

TAGS: EAIR, AS, US

To: STATE Type: TE

vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/bd57e57e-c288-dd11-92da-001cc4696bcc

Review Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

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